formerly Merchandising Week
A GRALLA PUBLICATION
Merchandising
PUBLISHED FOR AN INDUSTRY WITH MORE THAN TODAY ON ITS MIND

FOR OVER 60,000 READERS
51,000 RETAILERS

NOVEMBER 1979

5th Annual Major Appliance Statistical & Marketing Report

Merchandising's fifth annual Major Appliance Statistical & Marketing Report finds 1979's overall trends fall just short of an excellent '78 in air treatment, cleanup, cooking and refrigeration products.

Microwave ovens and gas ranges push overall cooking results over year-ago figures; high-end gains put laundry dollar totals ahead of '78 despite slippage in units; and freezers reverse trend of recent years with an 11% spurt while refrigerators sag under pressure of housing declines.

33

Analyses by associate editor Jack Blood, and data compilations by Fern Milman, research associate.

Today's Business Climate

How are store owners and operators adjusting to today's business climate? Well, they're not sitting still, according to our most recent RETAIL OPINION FILE survey. Among other things, they're going to shorter store hours and are moving and expanding to accommodate more selling space.

61

Store Operations 62

Wander's, one of the largest independent retailers of audio, appliances and home furnishings in the greater Pittsburgh area with nine stores, is now using facsimile transmissions between its stores and area finance companies to speed on-the-spot credit approvals. And Stereo Town, a 13-store hifi specialty shop, which spent about $145,000 over the past two years getting its in-store computer system in shape, is trying to speed up the payback by selling its highly customized computer software package to other specialty stores. These stories and others appear in *Store Operations,* a new monthly section in *Merchandising.*

Trendings

- Sell the benefits of hifi, not the specs, suppliers urge dealers.
- Pickup in video entertainment sales promise an excellent holiday, buyers say.

14

- Floor care expected to tide electric housewares buyers over pre-holiday "lull."
- Microwave ovens slated to carry the day for major appliance retailers.
- "Show-and-sell" is seen road to holiday riches in non-electric housewares.
- Specialty phones outpace basics for personal electronics dealers.

Pulses

By taking both the high and low-end roads, the telephone answering machine industry is blazing a trail to success. Manufacturers and retailers report the benefits and conveniences of answerers are finally being realized by the consumer. 74

The best way to move a lot of blank audio tape, dealers are finding, is frequent discounting and promotion and/or just plain giving it away. 81

Prerecorded Videocassette Report 52

To the surprise of hardly anyone, MCA and Walt Disney failed to prevent Sony from selling its videocassette systems for off-air home taping. However, an appeal is expected to be filed by the plaintiffs following the three-year court fight.

From the Capital

American appliance manufacturers have won an initial victory in their fight to get extra duties slapped on Japanese microwave ovens, but it's going to be a while before it's clear that any action will be taken against them. **12**

Transshipping 12

Transshipping, a fine art long a part of the distribution system, may be reaching record proportions among retailers of appliances and electronics. In his monthly column, "Editorially Speaking," Aaron Neretin suggests the practice is big enough to perhaps require reporting of transshipper-to-dealer sales as well as distributor-to-dealer sales.

Happenings

- Distributors were told White Consolidated is dropping Hamilton and Bendix labels; Crosley readies laundry line 74
- Much metal cookware comes into the U.S. duty-free under GSP status and the MCMA doesn't like it 76
- John Nevin resigns as chairman of Zenith Radio 76
- AB Electrolux of Sweden to buy Tappan for estimated $55.8 million through U.S. subsidiary 77
- Corning will launch its new Rangetoppers next April 78

Product Picture

Electronics 66-67

Housewares 71-73

Major Appliances 68-70

Clairol 56

Clairol is getting very personal in the new products department, having recently introduced dental care products and a new personal security device into its regular personal care retail channels for 1980.

Demographics are very much in the company's favor: Millions of people have dental problems and fear for their personal safety, surveys show.

Coming in December!

★ *Merchandising's* fourth annual breakout of the retail hifi market: State-by-state dollar volume and who's who among leading merchants.

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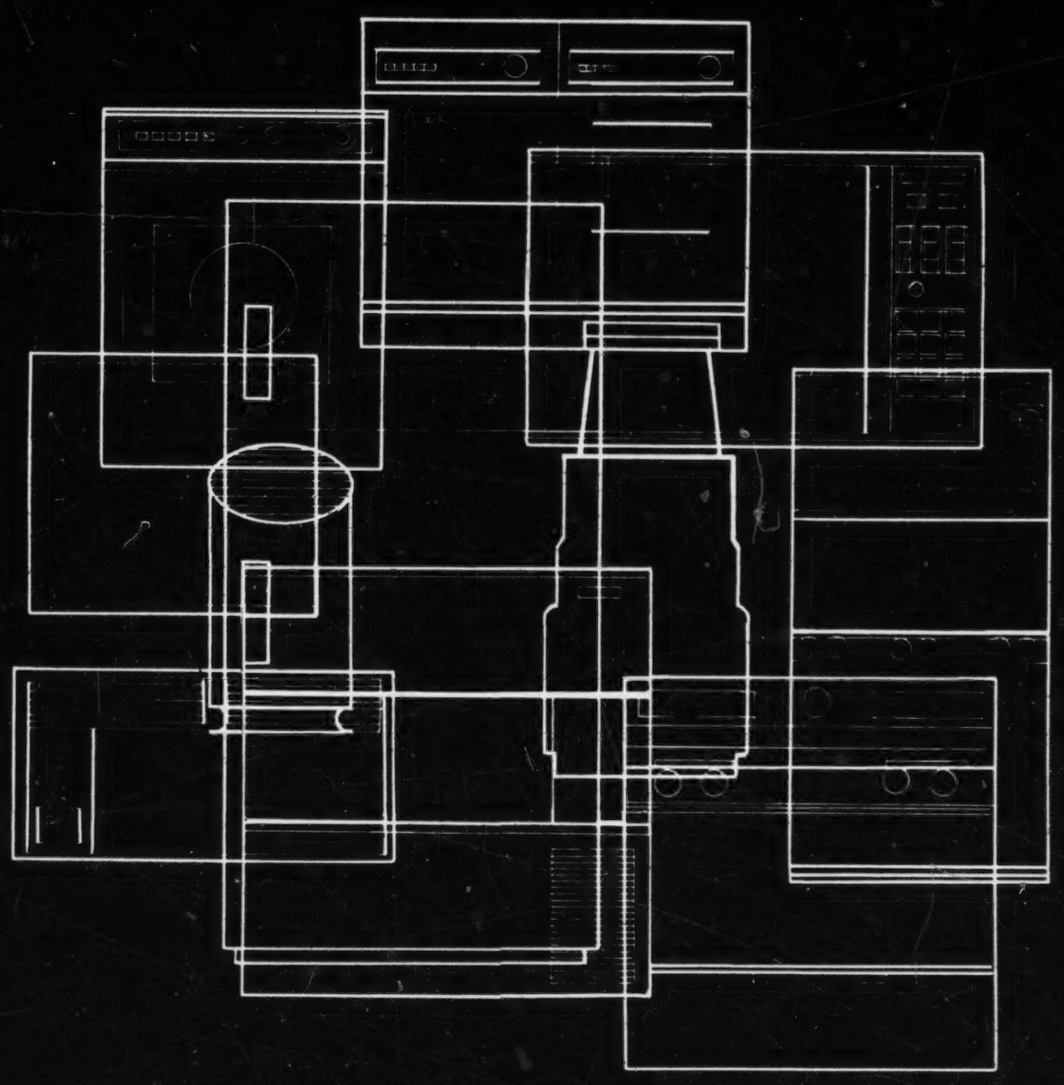
Merchandising

NOVEMBER 1979



CONTENTS

Air Treatment	*34-35*
Cleanup Appliances	*38-39*
Cooking Appliances	*40-41*
Laundry	*42, 44*
Refrigeration	*46, 48*

JACK BLOOD, *major appliance editor*

FERN MILMAN, *research associate*

BEST AVAILABLE COPY

5th Annual Major Appliance Statistical & Marketing Report

Air Conditioning

Product	1978*	1979*	% Change	Best Retail Price
Air Treatment, Total	4,709	4,048	-14.0	–
Air Conditioners, Room	4,037	3,233	-19.9	$354
Air Cleaners, Total	231	279	+20.8	–
Portable (room-type)	53	59	+11.3	$230
Central & Duct Mount	178	220	+23.6	$297
Dehumidifiers	441	536	+21.5	$143

In thousands

Room Air Conditioner Sales by Size

Size	% 1978	% 1979
Under 7,000 Btu	31	30
7,000-10,000	30	29
11,000-19,000 Btu	29	30
21,000 Btu & over	10	11

Room Air Conditioner Sales by EER

Rating	% 1978	% 1979
High (7.5 and over)	30	34
Low (under 7.5)	70	66

Room Air Conditioner Sales by Type of Installation

Installation	% 1978	% 1979
Regular	84	85
Casement	7	6
Through-the-wall	9	9

Room Air Conditioner Sales by Type of Outlet

Store Type	% 1978	% 1979
Appliance/tv	28	29
Builder-Contractor	4	5
Catalog Chain (Sears type store)	23	21
Catalog Showroom	–	2
Department Store	19	16
Discount Store	24	23
Furniture store	1	2
Home Improvement Center	–	1
Kitchen Remodeler	1	1

Room Air Conditioner Sales by Price Range

Price Range	% 1978	% 1979
Under $150	3	3
$150-$250	36	34
$251-$350	23	24
$351-$450	19	21
$451-$550	9	9
$551-$650	6	5
$651-$750	2	2
Over $750	2	2

Dehumidifier Sales by Capacity

Capacity	% 1978	% 1979
15 pts. & under	12	11
16-29 pts.	63	55
30 pts. & over	25	34

Dehumidifier Sales by Type of Outlet

Store Type	% 1978	% 1979
Appliance/tv	28	27
Catalog Chain (Sears type store)	24	25
Catalog Showroom	1	1
Department Store	20	20
Discount Store	19	20
Furniture Store	7	6
Home Improvement Center	1	1

It was a "Dickens" of a year for air treatment products, filled with paradoxes. Room air conditioner sales were down, but dehumidifiers and electronic air cleaners were up.

Air treatment was the one product area where weather and climatic conditions played a heavier role than economic factors, such as the housing slump which impacted on most other appliances.

Not that the economy and soaring inflation didn't leave their impact, particularly on room air conditioners.

Inflationary costs, compounded by other expenses that manufacturers were burdened with in complying with government-mandated regulations on energy conservation, raised air conditioer prices to record highs. Retail selling prices were also higher than they were a year ago because 1978 was a virtual sellout that included many older, less efficient—and cheaper—units.

An indication of this higher price impact on air conditioner sales is that fan sales jumped vs. 1978 *(Merchandising,* September.)

But weather conditions were unfavorable throughout much of the country, and when the hot, humid weather finally came in the big midwestern and eastern markets, it came too late to offset the loss of business experienced earlier.

As a result, room unit sales, projected at 3,233,000, while on about a par with a "good" 1977, will fall considerably short of the 4-million-plus year experienced in 1978.

The breakout by capacity indicates the kind of year it was. Higher-capacity units took a greater share of the market. These are regarded by the industry more as "considered" purchases, compared with the smaller take-with type which are thought of as "impulse" purchases made when heat hits.

Also, "considered" purchases are more likely to be made pre-season, and are likely to rise in the year following a good season, such as prevailed in 1978. This year, data show the under-7,000 Btu and the 7,000-10,000 categories (which represent "impulse" purchases) each losing a point in market share. Conversely, the two larger groupings, 11,000-19,000 Btu and 21,000 Btu and over, each gained.

Instructive, too, are the figures on high efficiency units. Those with an energy efficiency ratio (EER) of 7.5 or over, continued to increase their share, to 34%, up from 30%.

As noted, much of the impetus toward energy efficiency is government mandated. But despite the generally higher prices for high EER units ($50 to $100 more at retail) which still lead the majority of consumers to opt for less efficient units, the more efficient models are increasingly attractive to consumers.

Contrary to weather conditions, which impeded air conditioner sales, the wet spring compounded by a heavy thaw in many northern markets, helped dehumidifier sales climb 21.5% to 536,000 units, its best year in the last five.

Moreover, capacities got bigger, with 35-pt. (recently from Whirlpool) and 40-pt. capacities increasingly being marketed.

The 1979 sales breakout shows the 30 pts. and over grouping rising from 25% to 34%, the gain coming at the expense of the smaller-sized units.

Air cleaners likewise experienced

sales growth, buoyed in part by new entrants on the manufacturing scene.

Estimates put 1979 air cleaner volume at 279,000—up 20.8%—with both the central and duct mount (220,000) and portable or room type (59,000) showing gains.

Appliance/tv dealers retained their leading share as the purchase source—with 29% in room air conditioners and 27% in dehumidifiers. •

5th Annual Major Appliance Statistical & Marketing Report

Product	*1978**	*1979**	*% Change*	*Best Retail Price*
Cleanup Appliances, Total	7,170	7,127	-0.6	–
Dishwashers, Total	3,557	3,527	-0.8	–
Portable	586	529	-9.7	$346
Built-In	2,971	2,998	+0.9	$323
Food Waste Disposers	3,313	3,304	-0.3	$ 89
Trash Compactors	300	296	-1.3	$251

**In thousands*

Dishwasher Sales with Energy-Saving Devices

% 1978	*% 1979*
79	82

Built-in Dishwasher Sales by Price Range

Price Range	*% 1978*	*% 1979*
Under $250	17	16
$250-$299	33	27
$300-$349	25	25
$350-$399	14	14
$400-$450	7	12
Over $450	4	6

Portable Dishwasher Sales by Price Range

Price Range	*% 1978*	*% 1979*
Under $250	14	19
$250-$299	35	29
$300-$349	35	31
$350-$400	10	11
Over $400	6	10

Dishwasher Sales by Type of Outlet

Store Type	*% 1978*	*% 1979*
Appliance/tv	19	19
Builder-Contractor	40	39
Catalog Chain (Sears type store)	19	20
Catalog Showroom	1	0
Department Store	5	4
Discount Store	8	8
Furniture Store	1	1
Home Improvement Center	–	1
Kitchen Remodeler	7	8

Food Waste Disposer Sales by Type of Outlet

Store Type	*% 1978*	*% 1979*
Appliance/tv	12	11
Builder-Contractor	40	41
Catalog Chain (Sears type store)	12	13
Department Store	4	2
Home Improvement Center	3	5
Kitchen Remodeler	14	14
Plumbing Contractor	15	14

Trash Compactor Sales by Type of Outlet

Store Type	*% 1978*	*% 1979*
Appliance/tv	25	25
Builder-Contractor	25	26
Catalog Chain (Sears type store)	21	20
Catalog Showroom	2	2
Department Store	16	16
Discount Store	4	3
Home Improvement Center	1	1
Kitchen Remodeler	6	7

Dishwasher Sales by Color

	% 1978	*% 1979*
Almond	22	28
Avocado	6	6
Coffee	3	8
Coppertone	7	3
Harvest Gold	17	8
Wheat	4	8
White	30	27
Wood Grain	1	2
Other*	10	10

**Includes multicolor panel packages.*

Beating last year's figures was a tough goal, but dishwasher, disposer and compactor totals came "this close" to making it.

The trio of cleanup appliances experienced 1979 sales virtually on a par—collectively and individually—with those of 1978, which was a record for disposers and not far off for dishwashers and compactors.

It was done, not with mirrors, but largely through improved product features and performances which helped elevate selling prices. Total dollar volume, as a result, can be expected to easily surpass year-ago levels even if unit volume doesn't.

Total dishwasher volume, by coming in at 3,527,000 units, brings it only 0.8% behind 1978's 3,557,000. Built-ins actually did surpass their previous high of 2,971,000 with a volume of 2,998,000.

However, the 9.7% sales drop to 529,000 by portables—the biggest decline of any cleanup appliance category—presented a new total dishwasher record.

Built-ins undoubtedly took sales away from portables. Their record volume even in the face of a weakened builder market—an area of traditional strength—attests to a stronger replacement market. Many were going into homes as replacements for the built-in or undercounter units initially purchased in the "boom" years of the late '60s and early '70s. Since the cutout and plumbing and electrical connections are already available here, this has made it easier for replacement business.

Also, manufacturers catering to the do-it-yourself market are designing units for easier installation.

Clearly with its continuing strong sales, the dishwasher has shed its "luxury" image and is now considered more of a necessity.

Product developments include improved washing action, more flexible loading racks, better insulation—to absorb sound and retain heat—cycle options ranging from washing fine crystal to pots as well as "rinse and hold" for partial loads, permitting storage before running a full load.

Also, greater attention to energy conservation is reflected in reports that dishwasher sales with energy-saving devices rose to 82% of the total.

Feature upgrading, primarily in the form of improved insulation and reducing "jamups," is also evident in the garbage and refuse-handling appliances.

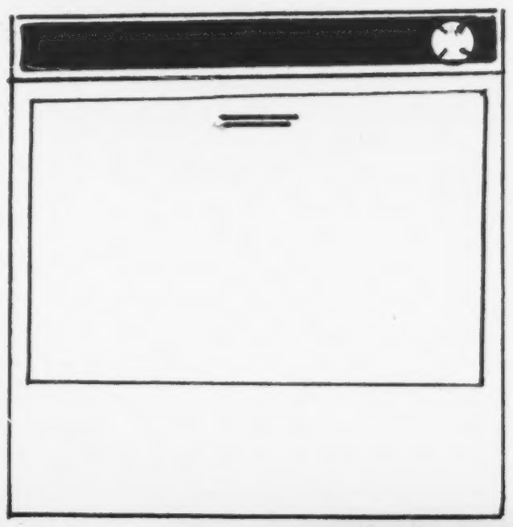
Food waste disposers, coming off a record 3,313,000 year in 1978, came within a whisker, 0.3%, of matching it with 3,304,000 units. Even though the slowdown in housing starts had to hurt, this was countered by heavier replacement sales and better retail selling prices.

The trash compactor, still facing a consumer education problem, nonetheless again approached the 300,000 mark. It's 296,000 total was only 13.% behind the year-ago level.

Virtually all of its sales, unlike the dishwasher and disposer, were to first-time purchasers, since the first ones were only introduced in 1969 by Whirlpool. Since then, Whirlpool's productions has passed the one-million milestone.

Promoting energy-efficiency, Sears asserts its ⅓ horsepower compactors can pack a week's worth of trash for a family of four—three 20-gal. cans into one bag/week—for less than 25¢ a year.

Catalog chains, of which Sears is archetypical, rank high as the purchase source for all three cleanup appliances. This outlet category with a 20% market share, ranks just ahead of appliance/tv dealers' 19% in dishwasher sales. Despite a slight slippage, the builder-contractor retains the lead in dishwasher sales with a 39% share.



In compactors, the ranking shows the builder contractor with 26%, appliance/tv dealer, 25%, and catalog chain 20%. In disposers, kitchen remodelers and plumbing contractors each have 14%, just above the catalog chain's 13%, but, again, the builder-contractor is at the top with a hefty 41%.

Whatever the outlet, all shared in a cleanup appliance year, whose 7-million plus units made it one of the best. •

5th Annual Major Appliance Statistical & Marketing Report

Product	1978*	1979*	% Change	Best Retail Price
Ranges, Electric, Total	3,218	3,091	-3.9	–
Free-Standing	2,337	2,254	-3.6	$388
Built-In	881	837	-5.0	$370
Ranges, Gas, Total	1,797	1,876	+4.4	–
Free-Standing & Set-In	1,545	1,616	+4.6	$341
High Oven	123	129	+4.9	$559
Built-In	129	131	+1.6	$371
Smoothtop Ranges	249	218	-12.4	$548
Microwave Ovens, Total	2,422	2,711	+11.9	–
Countertop	2,190	2,425	+10.7	$437
Combination	232	286	+23.3	$978

*In thousands

M/W Combination Sales by Type

Type	% 1978	% 1979	Best Retail Price
Single-Cavity Electric	19	16	$ 775
Double-Oven	72	70	$ 962
Gas Double-Oven	9	14	$1,045

Countertop M/W Sales by Price Range

Price Range	% 1978	% 1979
Under $250	6	7
$250-$299	12	10
$300-$399	25	28
$400-$499	33	33
$500-$600	22	18
Over $600	2	4

M/W Combination Sales by Price Range

Price Range	% 1978	% 1979
Under $650	5	4
$650-$749	19	14
$750-$849	28	24
$850-$1,000	26	31
Over $1,000	22	27

Microwave Oven Sales by Type of Outlet

Store Type	% 1978	% 1979
Appliance/tv	40	38
Builder-Contractor	2	3
Catalog Chain (Sears type store)	23	24
Catalog Showroom	3	3
Department Store	11	11
Discount Store	11	10
Furniture Store	7	6
Home Improvement Center	–	1
Kitchen Remodeler	3	3
Other	–	1

Gas Range Sales with Pilotless Ignition

% 1978	% 1979
57	64

Gas Range Sales by Cleaning System

Type	% 1978	% 1979
Self-Cleaning	11	12
Continuous Clean	36	36

Gas Range Sales by Type of Outlet

Store Type	% 1978	% 1979
Appliance/tv	38	39
Builder-Contractor	12	11
Catalog Chain (Sears type store)	32	32
Catalog Showroom	1	1
Department Store	3	3
Discount Store	4	4
Furniture Store	5	5
Home Improvement Center	–	1
Kitchen Remodeler	5	4

Electric Range Sales by Cleaning System

Type	% 1978	% 1979
Self-cleaning	38	39
Continuous Clean	25	22

Electric Range Sales by Type of Outlet

Store Type	% 1978	% 1979
Appliance/tv	35	38
Builder-Contractor	12	13
Catalog Chain (Sears type store)	24	22
Catalog Showroom	2	2
Department Store	8	6
Discount Store	3	3
Furniture Store	2	3
Home Improvement Center	3	3
Kitchen Remodeler	11	10

Smoothtop Sales by Type of Outlet

Store Type	% 1978	% 1979
Appliance/tv	39	39
Builder-Contractor	5	5
Catalog Chain (Sears type store)	27	27
Department Store	12	11
Discount Store	2	2
Furniture Store	4	3
Home Improvement Center	1	1
Kitchen Remodeler	10	12

Range Sales by Color

	% 1978	% 1979
Almond	28	31
Avocado	6	5
Coffee	4	5
Coppertone	3	1
Harvest Gold	15	10
Wheat	6	8
White	34	35
Wood Grain	1	1
Other	3	4

Electric Double-Oven Share of Market

% 1978	% 1979
24	23

Gas Double-Oven Share of Market

% 1978	% 1979
23	22

Electric Range Sales by Size

Size	% 1978	% 1979
24-in. & under	9	9
30-in.	76	79
36-in.	8	6
40-in.	7	6

Gas Range Sales by Size

Size	% 1978	% 1979
24-in. & under	10	9
30-in.	70	75
36-in.	16	12
40-in.	4	4

A smorgasbord of varying results is the picture for cooking appliances this year.

Total unit volume is expected to come in at well over 7-million units, slightly ahead of a year ago, with gains in microwave ovens and gas ranges more than compensating for a drop in electric ranges.

Increases in overall dollar volume, attributable not only to continuing inflation-pressured price hikes but also to better-featured units being marketed, were even greater than the unit gains.

A major factor in the upgraded features trend has been the increasing importance of the replacement market. Always a big factor in range sales, replacements were even more crucial in keeping industry volume at high levels this year in the face of a big downturn in new housing.

Moreover, replacement ranges are generally better-featured than the builder units placed in tract housing.

The slump in housing is partially reflected in the built-in range figures. Electric built-ins dropped 5% below year-ago levels, and gas built-in unit volume was only 1.6% better than a year ago.

Built-ins comprise a significantly greater share of electric range volume than they do in gas ranges, a contributing factor in the sales gains made by gas ranges during the year vs. electrics.

Overall, electric range unit sales show a decline for the first time since the recessionary 1974-75 years, to just over 3-million units. Free-standing units are off 3.6% to 2,254,000, and built-ins, 5% to 837,000.

Within the electric category, smoothtops experienced a 12.4% volume tumble to 218,000 units. The decline is seen related to doubts about such units' energy efficiency as well as a lower promotional profile.

Gains in gas range volume took up much of the slack. For the first time since electric ranges achieved parity with gas, gas range volume grew while electric declined. The 4.4% increases to 1,876,000 units raised gas ranges to their highest total since 1976, and reflected gains in all segments—freestanding, eye-levels and built-ins.

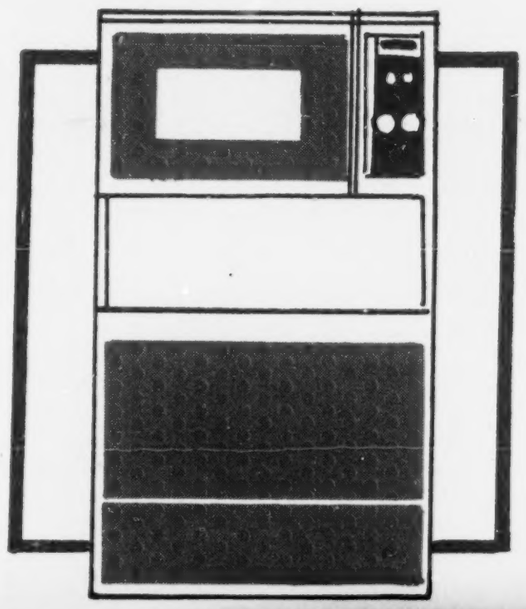
The relatively improved posture of gas ranges to electric is attributable not only to builder market weaknesses where the full-line electric oriented appliance manufacturers have been traditionally stronger, but to improved gas supplies and resultant greater promotional efforts by the gas industry.

Gas ranges have benefited from the "energy crunch" by heavily promoting pilotless units, which not only raised their market share to 64% but whose electronic ignition feature contributed to higher selling prices.

Features like self- or continuous-cleaning ovens also made for higher ticket sales in both gas and electric ranges. Induction, modular top, and convection cooking were other significant product developments that show growing product.

Microwave ovens, experiencing continuing double-digit growth to another record high of over 2.7-million units on an 11.9% gain, saw combination micro/range units growing even faster, 23.9% to 286,000, with sales concentrated in the $900-$1,000 area.

Countertops, reflecting intense competition—and involved in domestic producers charging off-shore manufacturers with "dumping"—was one product area where prices were dropping or at least incorporating touch control, probe, and other upgrading features on new models at unchanged prices.



Efforts to broaden the market to lower level income groups were also being undertaken. But the "best retail price," while down a bit from a year ago, still indicates the strength of high-end features.

The appliance/tv dealer retains his dominance as the sales source for ranges and microwaves, and even the slight dip in the latter share—to 38% from 40%—is more a reflection of the diversity—and acceptance—of this rapidly growing cooking appliance. •

5th Annual Major Appliance Statistical & Marketing Report

Product	1978*	*1979**	*% Change*	*Best Retail Price*
Laundry, Total	8,888	8,736	-1.7	—
Washers, Total	5,038	5,080	+0.8	—
Auto. & Semi-Auto.	4,528	4,591	+1.4	$372
Wringer & Spinner	200	192	-4.0	$214
Compact Washers (24-in. or less)	310	297	-4.2	$253
Dryers, Total	3,850	3,656	-5.0	—
Electric	2,864	2,708	-5.4	$265
Gas	757	752	-0.7	$294
Compact Dryers (24-in. or less)	229	196	-14.4	$290

**In thousands*

Washer Sales by Capacity

	% 1978	*% 1979*
12 lb. & under	19	19
14 lb.	13	15
16 lb.	19	22
18 lb. & over	49	44

Washer Sales by Number of Cycles

	% 1978	*% 1979*
1-2	33	31
3-4	64	66
5 or more	3	3

Washer Sales by Color

	% 1978	*% 1979*
Almond	13	19
Avocado	6	4
Coffee	1	1
Harvest Gold	11	8
Wheat	6	6
White	63	62

Washer Sales with Suds-Return Cycle

% 1978	*% 1979*
2	2

Washer Sales by Type of Controls

	% 1978	*% 1979*
Electronic controls	3	4
Mechanical controls	97	96

Portable Washer Market Share

% 1978	*% 1979*
6	6

Washer Sales by Type of Outlet

Store Type	*% 1978*	*% 1979*
Appliance/tv	34	35
Builder-Contractor	2	2
Catalog Chain (Sears type store)	28	26
Catalog Showroom	4	5
Department Store	13	13
Discount Store	11	11
Furniture Store	8	8

Compact Washer and Dryer Sales by Type of Outlet

Store Type	*% 1978*	*% 1979*
Appliance/tv	51	51
Catalog Chain (Sears type store)	11	11
Catalog Showroom	5	5
Department Store	10	10
Discount Store	12	12
Furniture Store	11	10
Builder-Contractor	—	1

Dryer Sales by Number of Cycles

	% 1978	*% 1979*
1-2	36	34
3-4	62	63
5 or more	2	3

Dryer Sales by Color

	% 1978	*% 1979*
Almond	14	21
Avocado	6	4
Coffee	1	1
Harvest Gold	12	9
Wheat	6	6
White	61	59

Dryer Sales by Type of Timer

	% 1978	*% 1979*
Automatic fabric settings	63	66
Time-dry	37	34

Dryer Sales by Type of Controls

	% 1978	*% 1979*
Electronic controls	2	4
Mechanical controls	98	96

Dryer Sales by Type of Outlet

Store Type	*% 1978*	*% 1979*
Appliance/tv	32	35
Builder-Contractor	2	2
Catalog Chain (Sears type store)	28	26
Catalog Showroom	3	4
Department Store	14	13
Discount Store	12	12
Furniture Store	9	8

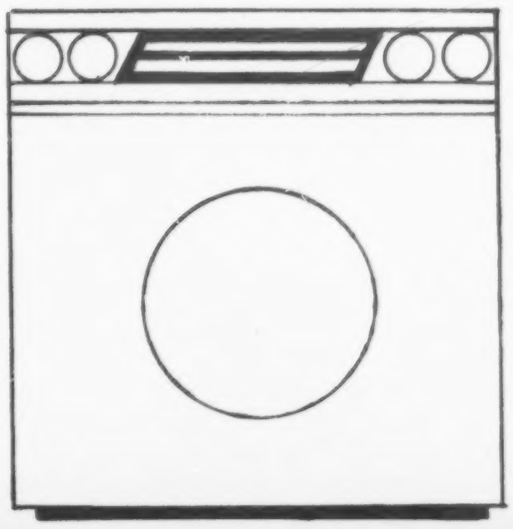
5th Annual Major Appliance Statistical & Marketing Report

Laundry

• *Continued from page 42*

Action a-plenty marked the home laundry industry in 1979. And it was just not in sales, which had to be assessed as not bad at all in the face of negative headlines about the economy and energy assailing the consumer all year long.

While overall industry volume is projected to be off a miniscule 1.7%, the 8.7 million plus total is still rated one of the best ever. In addition, dollar volume was up (due both to inflation and also to better featured, higher-end sales).



Total washer sales are seen again topping the 5-million unit market on a fractional gain, for the third best year ever. Dryers slipped 5% to a projected 3,656,000, partly because their replacement "life" is longer than washers, and perhaps being considered more "postponable purchases" in an uncertain economy.

Housing starts, while not as big a factor in laundry sales as in other appliances, were depressed. A related factor that may have had an adverse effect on home laundry business is that the inflated cost of homes may have priced some people out of the market. On the other hand, sales of coin-op or commercial laundry equipment—made by much the same manufacturers as in home laundry—reportedly were up about 3-4%.

Home laundry sales were marked by a trend toward greater automaticity and features. Not only were "automatic" sales up—while the wringer/spinner and compact sectors each declined about 4%—but multi-cycle and electronic control models exhibited market share growth, a trend helping to raise selling prices.

Energy saving was becoming an increasingly important factor, reflected in more cold water wash cycles, water-level controls and mini-wash features.

Dryers, like washers, also saw units with sophisticated features like automatic fabric settings and electronic controls moving up in market share.

The 752,000 gas units virtually all now equipped with ignition devices in lieu of pilot lights, came within a hair of matching year-ago unit volume, while electronics show a 5.4% loss to 2,708,000. As with gas ranges, an improved fuel availability picture and the lifting of promotional moratoriums by utilities, helped gas dryers.

The year also saw some considerable shuffling at the supplier end. Norge moved from Fedders ownership to Magic Chef; Frigidaire from General Motors to White Consolidated; Speed Queen from McGraw-Edison to the Raytheon group and White is reportedly shelving its Hamilton and Bendix laundry lines. These moves contributed to a scrambling of the pipeline picture, especially among distributors left with conflicting brand lines or without a laundry line at all.

At retail there was some scrambling as well. Market share by type of outlet indicates some shifting.

For one, the appliance/tv dealer improved his lead to 35% for both washers and dryers (his compact share is a hefty 51%). Slippage is noted by the catalog chain, a grouping that includes Sears whose merchandising zig-zags have been duly noted. But the catalog chain group (which also includes Montgomery Ward and Penney) still shows a runnerup 26% share despite a dip from 28%. The department store and discount store categories, while not as big a factor as they once were, still account for 10% and 13% each in the laundry product share breakouts.

In keeping with the changing laundry scene, there are shiftings in the color mix.

Although white is still heavily in the majority, color is becoming more important, an indication that laundry equipment may become more visible in the kitchen or adjacent areas rather than hidden in the basement or utility room.

Almond, the color introduced a year ago by GE, is the leader, improving its share—to 19% in washers, 21% in dryers—even as the runnerup harvest gold share shrinks. Wheat holds its own at 6%, while avocado shows a 2% slippage to 4%.

By any reckoning, 1979 has to go down as a colorful year for home laundry. •

Refrigerators

Product	1978*	1979*	% Change	Best Retail Price
Refrigerators/Freezers	8,674	8,395	-3.2	—
Refrigerators, Total	6,890	6,412	-6.9	—
Top-Mount (excluding compacts)	4,601	4,316	-6.2	$540
Side-By-Side	1,086	898	-17.3	$750
Bottom Mount	192	183	-4.7	$625
Single Door	511	493	-3.5	$347
Compact Refrigerators (under 6.5 cu. ft.)	500	522	+4.4	$176
Freezers, Total	1,784	1,983	+11.2	—
Chest	835	926	+10.9	$360
Upright	687	775	+12.8	$395
Compact Freezers (under 10 cu. ft.)	262	282	+7.6	$235

In thousands

Refrigerator Sales by Defrosting System

	% 1978	% 1979
No-Frost	80	81
All other	20	19

Refrigerator Sales with Energy-Saving Devices

% 1978	% 1979
73	75

Refrigerator Sales by Color

	% 1978	% 1979
Almond	24	30
Avocado	8	7
Coffee	5	3
Coppertone	1	1
Harvest Gold	12	11
Wheat	11	9
White	39	39

Refrigerator Sales by Size

Size	% 1978	% 1979
11 cu. ft. & under (including compacts)	8	7
12 & 13 cu. ft.	10	10
14 & 15 cu. ft.	21	21
16 & 17 cu. ft.	21	22
18 & 19 cu. ft.	19	20
20 & 21 cu. ft.	11	11
22 cu. ft. & over	10	9

Compact Refrigerator Sales by Size

Size	% 1978	% 1979
2 cu. ft.	29	30
3 cu. ft.	8	7
4.5 cu. ft.	38	40
4.5-6.5 cu. ft.	25	23

Refrigerator Sales by Type of Outlet

Store Type	% 1978	% 1979
Appliance/tv	25	26
Builder-Contractor	23	21
Catalog Chain (Sears type store)	25	25
Department Store	14	14
Discount Store	5	5
Furniture Store	3	4
Home Improvement Center	1	1
Kitchen Remodeler	4	4

Compact Refrigerator Sales by Type of Outlet

Store Type	% 1978	% 1979
Appliance/tv	26	27
Builder-Contractor	6	3
Catalog Chain (Sears type store)	27	28
Catalog Showroom	4	5
Department Store	16	15
Discount Store	13	15
Furniture Store	4	4
Home Improvement Center	0	1
Kitchen Remodeler	4	2

Refrigerator Sales by Price Range

Price Range	% 1978	% 1979
Under $300	8	6
$300-$399	13	13
$400-$499	24	25
$500-$649	26	28
$650-$800	15	15
Over $800	14	13

(Continued on page 49)

5th Annual Major Appliance Statistical & Marketing Report

Refrigeration

• *Continued from page 46*

Compact Refrigerator Sales by Price Range

Price Range	*% 1978*	*% 1979*
Under $120	37	30
$120-$149	35	25
$150-$180	23	32
Over $180	5	13

Freezer Sales by Defrosting System

	% 1978	*% 1979*
No-Frost	9	7
All Other	91	93

Freezer Sales by Color

	% 1978	*% 1979*
Almond	2	5
Avocado	1	2
Coffee	0	1
Coppertone	5	3
Harvest Gold	2	4
Wheat	1	2
White	86	78
Wood Grain	3	5

Freezer Sales by Size

Size	*%1978*	*% 1979*
14 cu. ft. & under (including compacts)	30	30
15 cu. ft.	18	21
16 & 17 cu. ft.	17	17
18 & 19 cu. ft.	10	10
20 cu. ft. & over	25	22

Compact Freezer Sales by Size

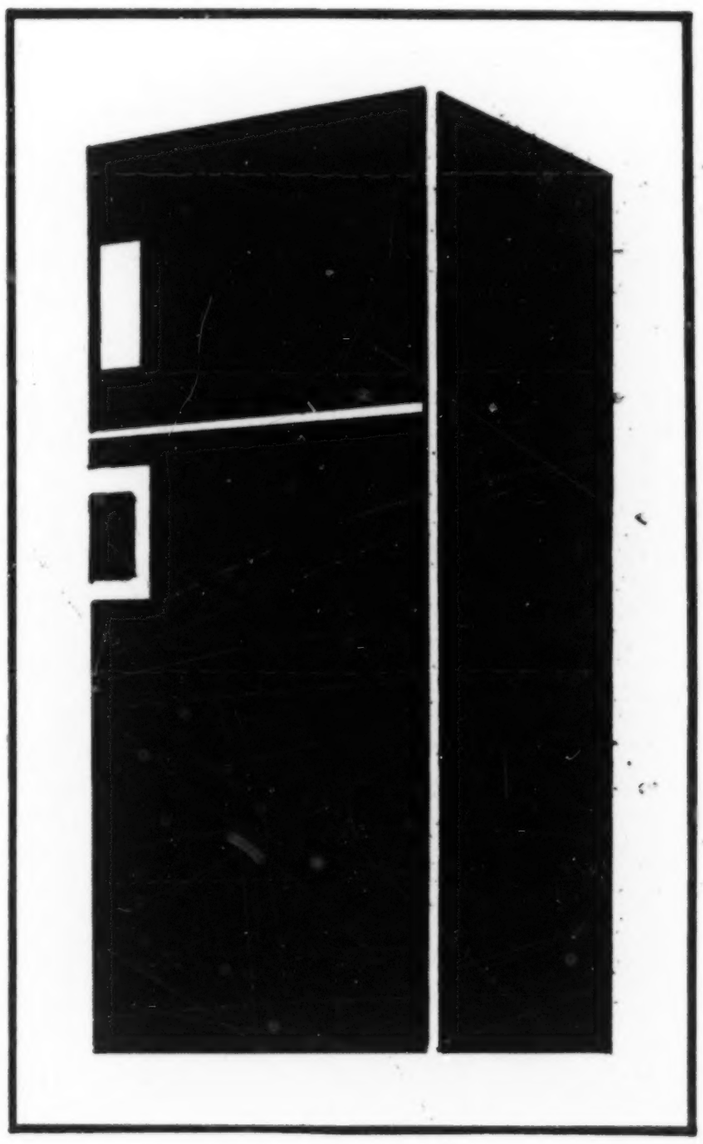
Size	*% 1978*	*% 1979*
4 cu. ft.	18	16
5 & 6 cu. ft.	30	28
7 & 8 cu. ft.	20	24
10 cu. ft.	32	32

Freezer Sales by Type of Outlet

Store Type	*% 1978*	*% 1979*
Appliance/tv	7	8
Builder-Contractor	2	1
Catalog Chain (Sears type store)	43	43
Department Store	23	23
Discount Store	20	21
Furniture Store	4	4
Kitchen Remodeler	1	0

Compact Freezer Sales by Type of Outlet

Store Type	*% 1978*	*% 1979*
Appliance/tv	17	18
Builder-Contractor	3	1
Catalog Chain (Sears type store)	28	33
Catalog Showroom	3	4
Department Store	23	20
Discount Store	18	17
Furniture Store	7	7
Kitchen Remodeler	1	0



Freezer Sales by Price Range

Price Range	*% 1978*	*% 1979*
Under $300	15	20
$300-$399	50	40
$400-$499	27	32
$500-$600	6	6
Over $600	2	2

Compact Freezer Sales by Price Range

Price Range	*% 1978*	*% 1979*
Under $190	31	20
$190-$210	24	26
$211-$240	9	35
$241-$280	21	12
Over $280	15	7

It's been a topsy-turvy year for refrigeration products. Economic factors buffetted one category, benefitted another. And energy issues impacted on the industry at every level.

Refrigerator unit volume declined, but prices were up. Capacities also increased, although compacts showed gains, too.

Freezers really flew high in all segments. In a reversal of the trend in recent years, uprights showed a greater percentage gain than chests, although the latter category retained its overall unit lead.

It was also a year which saw a great upheaval in the refrigeration industry's alignment, with two of its leading manufacturers coming under new leadership. Admiral was acquired by Magic Chef from Rockwell International and Frigidaire was purchased by White Consolidated Industries from General Motors.

The economy, ravaged by inflation-fueled energy costs, skewered the industry with a double-edged sword. Higher interest rates and material costs sorely wounded the housing industry—normally the source of a fifth of the refrigerator industry's sales.

This was the biggest cause of the 6.9% decline in refrigerator volume to an estimated 6.4 million units. But the total was still one of the industry's highest, and results were further ameliorated by higher unit selling prices.

Higher prices not only reflected inflation but also costs from government-mandated energy conservation standards which contributed to the rise, to 75% of refrigerator sales being with energy-saving devices. Also continuing popularity of "no-frost"—up to 81% of sales—and demand for larger-capacity units, particularly in topmounts also helped raise selling prices.

The biggest sales drop was found in side-by-sides, which may have been affected by the big sales gain in freezers.

For it was the freezer category which got the boost from the double-edged economy sword. High food and shopping costs sent consumers in droves to retailers for freezers, ballooning sales upwards some 11% to 1,784,000 units, the highest volume since the 1973-75 period when similar economic conditions prevailed.

Chests rose 10.9% to an estimated 926,000 units; uprights, 12.8% to 775,000. Compacts, too, shared in the growth, 7.6% to 282,000.

In terms of size, the 14-cu.-ft. and under category, including compacts, retained its leading 30%, market share. The biggest gain was shown by the next category, 14-cu.-ft. and over, declined a like amount, to 22% from 25%.

In refrigerators, by contrast, the two size extremes each lost a point—the 11-cu.-ft. and under slipping to 7%, the 22-cu.-ft. and over, to 9%, the latter being mainly side-by-sides. Gainers were the larger topmount-dominated sectors, 16 and 17-cu.-ft. group rising to 22% and the 18 and 19's, to 20%.

Not unexpectedly, the builder-contractor outlet lost market share in all refrigeration categories.

The appliance/tv dealer improved his leading share in refrigerators, to 26%. The catalog chain retained its share of 25%, as the runnerup in refrigerators, and held on to its 43% share leadership in freezers.

The spread of the freezer market to more urban areas, shown in part by the popularity of the compacts and smaller sized uprights (space being more of a consideration here than in rural markets), is apparent in the greater use of color.

White is still dominant, but slipped 8% to 78%. Almond showed the greatest gain, from 2 to 5%, a like share held by wood grain.

Almond narrowed its gap from white in refrigerators, rising from 24 to 30%, while white held at 39%.

While freezer sales were buoyed by economic forces and by first-time purchasers and little impacted by the weakness in housing, refrigerator sales more than ever in this turbulent year, relied on replacement sales to help to take up the builder market slack. Nevertheless, while not the best of years, it was far from the worst for the refrigeration industry. •

Sony wins MCA/Disney suit on off-air home taping

"The ramifications of this new technology are greater than the boundaries of this lawsuit."

Judge Warren J. Ferguson
U.S. District Court
Central District of California

LOS ANGELES—To the surprise of hardly anyone, MCA Inc. and Walt Disney Productions failed in their three-year fight to prevent Sony Corp. of America from making and selling videocassette systems for recording over-the-air tv broadcasts for non-commercial use.

In an opinion handed down following a five-week trial, Judge Warren J. Ferguson, stated: "Non-commercial home use recording of material broadcast over the public airwaves does not constitute copyright infringement."

He also said that none of the defendants in the case—including several retailers, as well as Sony—"has unlawfully and intentionally interfered with the contractual and advantageous business relationships" of either MCA or Disney, which both produce movies and tv programs.

While attacking several claims by MCA and Disney, Judge Ferguson left open several important areas for possible future legal and legislative consideration.

Specifically, he noted that neither pay nor cable television stations are affected by this decision. He also said he wasn't ruling on tape duplication, or off-the-air recording by individuals or groups for use outside the home.

At the same time, the judge ruled against MCA and Disney contentions that retail stores are infringing copyrights when they record segments of shows off the air, and when they play these recordings during a sales demonstration. "The facts supporting these allegations are weak," he wrote.

To further support its copyright charges, the plaintiffs' law firm had hired a private investigator to visit several retailers. While the investigator did not request a specific program for taping or a specific length of recording, he did pose as a potential customer and request a demonstration of a Sony Betamax videocassette recorder/player.

The judge ruled that demonstrations of the videocassette systems' capabilities by retail stores is "fair use" and does not infringe copyright laws.

Pointing out that there is no precedent for suing retail stores for displaying public television tuned to copyrighted programs, and that "plaintiffs do not complain here about this aspect of the retail defendants' activity," the judge called MCA's and Disney's claims against retail stores "novel."

To appeal decision

Shortly after the judge rendered his opinion, Stephen Kroft, MCA and Disney attorney, said the two companies will appeal the decision.

When the suit was filed in November, 1976, MCA and Disney claimed the video recorders violated copyright laws and would seriously affect their future earnings. After turning away the plaintiffs on the copyright question, the judge wrote that both MCA and Disney "conceded that neither the sale nor the use of (Sony's) Betamax tapes had by the time of trial caused Universal (an MCA subsidiary) or Disney any measurable monetary damage, economic loss or revenue loss."

The judge also commented on claims by MCA and Disney that video recording would cut into tv viewing. He said that people would "rearrange" their viewing hours and that "Betamax owners will play their tapes when there is nothing on television they wish to see and no movie thay want to attend."

Retailer defendants in this case were Carter Hawley Hale Stores, Associated Dry Goods Corp., Federated Department Stores Inc. and Henry's Camera Corp. Doyle Dane Bernbach Inc., Sony's advertising agency, and William Griffiths, a consumer whose sons had purchased a Betamax at a Henry's Camera store, also were defendants.

In one of his final comments in this 102-page opinion, Judge Ferguson said "this court does not minimize plaintiffs' concerns. The new technology of videotape recording does bring uncertainty and change which, quite naturally, induces fear. History, however, shows that this fear may be misplaced."

The judge went on to point out that Lewis Wasserman, chairman of MCA, during the trial, himself observed that "People that have constantly forecast the doom of a particular industry in the entertainment industry (such as the doom of radio stations when tv began to develop) have historically been wrong."

Judge Ferguson wrote, "The ramifications of this new technology are greater than the boundaries of this lawsuit. A court reviewing the limited claims of specified parties in a particular factual setting cannot and should not undertake the role of a government commission or legislative body exploring and evaluating all the uses and consequences of the videotape recorder." *—Ron Schneiderman*

Videodiscs seen no threat to VCRs despite continuing 'amazing' sales

Videodisc sales continue to be nothing short of "amazing," "astonishing" and "astounding," according to the handful of dealers who merchandise them.

Despite the rave reviews, they are not a threat to videocassette systems sales, at least not yet. Indeed, these retailers note that most purchasers of the videodisc systems already own a videotape player and are even buying the newer versions for more flexibility and variety, indicating—not surprisingly—that the people buying the disc systems are essentially the same people who are among the first to acquire VCRs—generally upper income consumers.

The Atlanta and Seattle stores handling Magnavox's MagnaVision videodisc system, and others who have conducted in-store demonstrations of the Universal-Pioneer industrial model in preparation for U.S. Pioneer Electronic's entry into the consumer videodisc market, based on their experience to date, couldn't be higher about the ongoing viability of the tape systems.

"The videodisc is certainly not a threat to the success of the videotape recorder," said Jack Rigby, president of Allen & Bean, one of the Atlanta stores selling the Magnavox unit.

"I'm also very pleased by the continued local support for the videodisc. There were a great amount of out-of-staters who bought the first units. But now we've been getting a fine turnout from the city residents for the disc. We're very pleased," Rigby added.

Another positive step has been the improved availability of the software. Although not totally pleased with current allocations, dealers are reporting longer lists of discs ready to sell.

"We will be investing heavily in both the hardware and software during the fourth quarter," George Hunter, general video manager, Doces Furniture Store, Seattle, indicated.

"We've been getting videodisc software orders anywhere from $20 to $1,000. We pretty much have all the titles and plan a big disc season in the next two months," Hunter reported.

Hunter will also be stressing the extra feature of the disc as an audio turntable. He predicted that with its better audio performance, the disc player could be an alternative to a high-end turntable.

Bon Marche, the Seattle-based department store, has also been happy with the videodisc's sales

(Continued on page 78)

Merchandising's TOP 50

		Last month's position	Months on chart
1.	**Butch Cassidy and the Sundance Kid**	N	1
2.	**Patton**	2	13
3.	**Saturday Night Fever**	27	4
4.	**M*A*S*H**	3	13
5.	**The Sound of Music**	1	8
6.	**The Godfather**	30	4
7.	**French Connection**	7	13
8.	**The African Queen**	10	4
9.	**The King & I**	8	13
10.	**The Godfather II**	N	1
11.	**The Graduate**	5	10
12.	**Hello Dolly**	4	13
13.	**Looking for Mr. Goodbar**	N	1
14.	**The Man Who Would Be King**	11	12
15.	**Tora! Tora! Tora!**	12	13
16.	**Carnal Knowledge**	13	10
17	**Papillon**	9	11
18.	**The Longest Day**	15	13
19.	**A Touch of Class**	19	4
20.	**A Man and a Woman**	20	9
21.	**The Dutchess and the Dirtwater Fox**	N	1
22.	**The Lion in Winter**	16	8
23.	**The Day the Earth Stood Still**	33	7
24.	**King Kong**	44	10
25.	**Mighty Mouse**	32	10
26.	**Citizen Kane**	28	11
27.	**Wild Geese**	6	9
28.	**Barbarella**	N	1
29.	**Murder on the Orient Express**	N	1
30.	**Love Story**	N	1
31.	**Von Ryan's Express**	25	13
32.	**Fantastic Voyage**	37	13
33.	**The Day of the Dolphin**	40	7
34.	**The Hustler**	36	8
35.	**Night of the Living Dead**	38	5
36.	**Bruce Lee—Super Dragon**	14	11
37.	**In Praise of Older Women**	N	1
38.	**The Sailor Who Fell From Grace With the Sea**	17	8
39.	**Doctor Dolittle**	35	12
40.	**The Hot Rock**	41	11
41.	**Tunnel Vision**	23	5
42.	**Gunga-Din**	39	5
43.	**Paper Chase**	24	11
44.	**Blue Hawaii**	46	13
45.	**Flash Gordon Conquers the Universe**	N	3
46.	**Voyage to the Bottom of the Sea**	29	7
47.	**The Beatles at Shea Stadium**	31	8
48.	**Those Magnificent Men in Their Flying Machines**	N	12
49.	**The Betsy**	18	11
50.	**Elvis Presley in Concert**	21	4

Retail Opinion File

Dealers fighting back against cost squeeze

How are store owners and operators adjusting to today's business climate?

Well, they're not sitting still, according to *Merchandising*'s most recent national Retail Opinion File survey. Many retailers have cut store hours in recent months, adjusted their advertising and promotional budgets to better fit their needs, and they're moving and expanding to accommodate more display space and to handle more products—usually to improve the mix.

Even though our survey questionnaire didn't make a single reference to store expansion, many respondents volunteered that they had added display space within their stores or moved to a new location to gain selling space or cut costs.

To the general question, "What's the biggest change you've made in your store's operation in the past six months?," one dealer wrote: "We moved to a new location. It's larger with better traffic and higher class clientele."

To the same question, an appliance/tv dealer responded: "We moved to a different location. The rent is $500 less than where we were."

Another dealer: "We moved from a downtown location to a shopping plaza."

An electronics specialty shop owner noted that he built an addition on to his store. And a tv dealer said that he increased his floor display area by renting a vacant store next to his present store.

"Added 45,000 sq. ft. of selling space," an unidentified department store respondent wrote. Another electronics specialist indicated that his store's retail sales area was expanded by 1,250 sq. ft. recently to accommodate video products.

Others have taken equally dramatic measures.

"I added a lady salesperson," a dealer wrote in bold script.

"I'm by-passing my distributor and buying direct to get better pricing." That and similar comments came from several retailers.

"We got rid of all the suppliers who didn't back us or their product, i.e., those who merely want us to buy their product and promptly pay their bill and don't give us any service," an audio/hifi specialist noted. "We reduced the number of suppliers which helped cash flow and profits to go up," he added.

Still others have made adjustments in their delivery and service programs.

One dealer told us that he now insists on a deposit on items brought in for repair. Another offers a discount to customers who arrange their own deliveries. "You'd be surprised how many people can find a friend or neighbor to help with a pick-up for a small discount," he wrote.

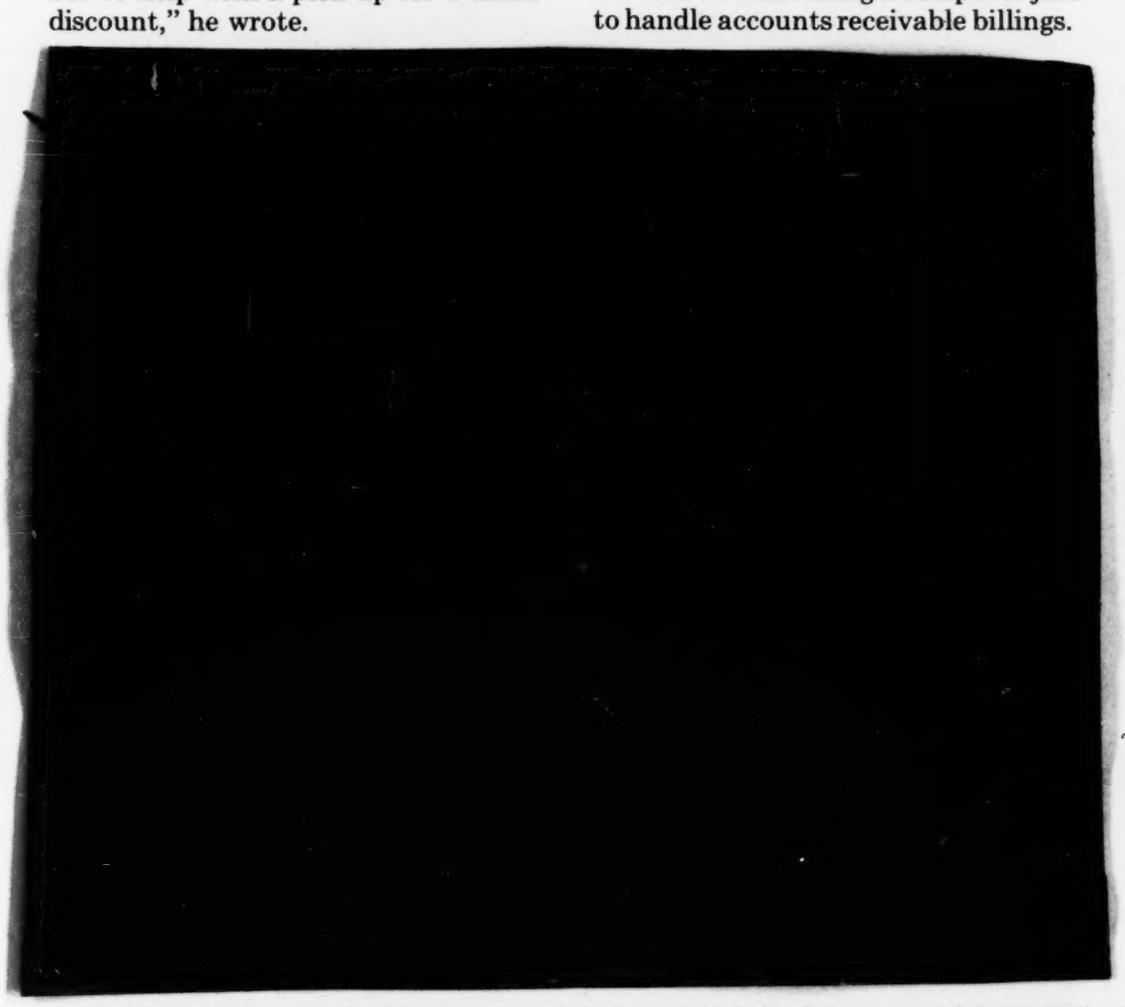
A car stereo specialist says he's decided to expand into commercial and industrial communications products and services.

Fully 25% of the respondents to the survey indicated they had changed their store hours recently with 27% stating they've gone to longer hours and 72% shorter (1% did not say how).

Specifically, an appliance/tv store owner noted that he had discontinued staggered hours in favor of staying open 40 hours with everyone working full time.

"We shortened our hours for the summer and found we did as much business as before," a retailer who identified himself as a tv/stereo sales and service shop told us.

Another department store respondent said he's installing a computer just to handle accounts receivable billings.



Perhaps as a reflection of the times (less impulse buying, less driving around), an appliance dealer told us that casual shopping has decreased in his store. "About 80% of the shoppers looking for a product I have to sell end up buying from me rather than 30%-40% in years past."

Interestingly, 35% of the respondents indicated they're doing more business by telephone, although several dealers said they only accept orders from people they know, such as regular customers.

None of the 14% of the retailers who indicated they are not following federal guidelines on store temperature settings (see questionnaire) explained why.

Due to the higher cost of gasoline, one dealer has dropped his flat service call rate and now charges separately for labor and the service call.

Another retailer says he changes his window displays more often, "which is a job."

Not surprisingly, quite a number of retailers stressed that they're now watching inventories much more closely than they ever have. The same holds true with credit.

"I have reduced my inventory and added more quick moving, high profit items," one merchant wrote. "We must stay flexible and be ready to change to take advantage of all sales and profit possibilities."

Advertising is another area in which significant charges have occurred and many retailers indicated they're either spending more or less to fit their own needs or desires.

Finally, a dealer who says he sells appliances and a wide variety of audio/hifi and other electronic products, pointed out the importance of sales training. "Our salesmen are properly informed and are prepared to demonstrate all of our products. We have to remember that our customers have probably been shopping somewhere else." •

QUESTIONNAIRE

Have you recently changed your store hours?
Yes: 25% No: 75%

If so, are they longer or shorter?*
Longer: 27% Shorter: 72%
*1% did not indicate

Are you experiencing more cash sales currently than you were six months ago?
Yes: 50% No: 50%

Was your September-October advertising and promotional budget higher, lower or about the same as this period last year?
Higher: 27% Lower: 19% About the same: 54%

Will you spend more, less or about the same for advertising in the fourth quarter (Sept.-Dec.) this year than you did in the same period in 1978?
More: 34% Less: 16% About the same: 50%

Do you have less, more or about the same number of employes today than you had six months ago?
More: 15% Less: 19% About the same: 66%

Are you following the President's guidelines on store thermostat settings?
Yes: 86% No: 14%

Do you quote price on the phone?
Yes: 79% No: 21%

Do you accept telephone orders?
Yes: 87% No: 13%

If you accept telephone orders, have you found this aspect of your business to be increasing?
Yes: 35% No: 65%